

Adopted	Rejected
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COMMITTEE REPORT

YES: 22

NO: 2

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred House Bill 1090, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete the title and insert the following:
- 2 A BILL FOR AN ACT to amend the Indiana Code concerning
- 3 taxation and to make an appropriation.
- 4 Page 2, between lines 35 and 36, begin a new paragraph and insert:
- 5 "SECTION 4. IC 6-1.1-12-37, AS AMENDED BY
- 6 P.L.192-2002(ss), SECTION 32, IS AMENDED TO READ AS
- 7 FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]; Sec.
- 8 37. (a) Each year a person who is entitled to receive the homestead
- 9 credit provided under IC 6-1.1-20.9 for property taxes payable in the
- 10 following year is entitled to a standard deduction from the assessed
- 11 value of the real property, mobile home not assessed as real property,
- 12 or manufactured home not assessed as real property that qualifies for
- 13 the homestead credit. The auditor of the county shall record and make
- 14 the deduction for the person qualifying for the deduction.
- 15 (b) Except as provided in section 40.5 of this chapter, the total
- 16 amount of the deduction that a person may receive under this section

for a particular year is the lesser of:

(1) one-half (1/2) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) for:

(A) 2003 and 2004, thirty-five thousand dollars (\$35,000);

and

(B) 2005 and thereafter, thirty-seven thousand dollars (\$37,000).

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home."

Page 2, line 39, delete "(g)" and insert "(d)".

Page 2, line 39, delete "(h)," and insert "(e)".

Page 2, line 39, delete "less" and insert "one (1) or more".

Page 2, line 40, delete "than five (5)".

Page 3, delete lines 3 through 36, begin a new line block indented and insert:

"(2) the product of:

(A) the number of principal rental dwellings in the building; multiplied by

(B) two thousand dollars (\$2,000)."

Page 3, line 37, delete "(e)" and insert "(b)".

Page 4, line 13, delete "(f)" and insert "(c)".

Page 4, line 24, delete "(g)" and insert "(d)".

Page 4, line 30, delete "(h)" and insert "(e)".

Page 4, between lines 36 and 37, begin a new paragraph and insert:

"SECTION 6. IC 6-1.1-20.6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]:

Chapter 20.6. Farmland Credit

Sec. 1. This chapter applies to an area of land that meets all the

1 following criteria:

2 (1) Consists of one (1) or more contiguous tracts in the same
3 county, disregarding any intervening public ways.

4 (2) Includes agricultural land.

5 (3) Contains total farm acreage of at least ten (10) acres.

6 (4) Is at least fifty percent (50%) devoted to farm production
7 activities on a regular, substantial, and continuing basis
8 during the year immediately preceding an assessment date.

9 (5) Is actively farmed during the year immediately preceding
10 an assessment date by eligible individuals.

11 Sec. 2. As used in this chapter, "actively farm" means the
12 following:

13 (1) Personal participation on a regular, substantial, and
14 continuing basis, on land that is not leased to another person,
15 in any of the following:

16 (A) Inspecting the farm production activities of the farm
17 operation periodically, furnishing at least fifty percent
18 (50%) of the value of the tools, and paying at least fifty
19 percent (50%) of the direct cost of production.

20 (B) Regularly and frequently making or taking an
21 important part in making management decisions
22 substantially contributing to or affecting the success of
23 the farm production activities.

24 (C) Performing physical work that significantly
25 contributes to the farm production activities.

26 (2) Leasing the land to another person if the individuals who
27 engaged in the activities described in subdivision (1) on the
28 leased land are eligible individuals described in section 6(c)
29 of this chapter.

30 Sec. 3. As used in this chapter, "agricultural land" means land
31 assessed as agricultural land under IC 6-1.1-4-13.

32 Sec. 4. As used in this chapter, "application" refers to an
33 application under this chapter.

34 Sec. 5. As used in this chapter, "eligible farm" refers to land
35 described in section 1 of this chapter.

1 **Sec. 6. (a) As used in this chapter, "eligible individuals" means**
 2 **any combination of individuals described in subsection (b) or (c).**

3 **(b) The following owners are eligible individuals:**

4 **(1) An individual who owns at least a fifty-one percent (51%)**
 5 **ownership interest in land that is the subject of an**
 6 **application.**

7 **(2) Related individuals who together:**

8 **(A) own at least a fifty-one percent (51%) ownership**
 9 **interest in the land that is the subject of an application; or**

10 **(B) have at least fifty-one percent (51%) of the ownership**
 11 **and control rights for an entity that has a one hundred**
 12 **percent (100%) ownership interest in the land that is the**
 13 **subject of an application;**

14 **or will qualify under clause (A) or (B) after any tangible or**
 15 **intangible interest of a deceased related individual is**
 16 **distributed from the deceased related individual's estate.**

17 **(c) For purposes of leased agricultural land, the following are**
 18 **eligible individuals:**

19 **(1) An individual who has at least a fifty-one percent (51%)**
 20 **contract interest in a lease of land that is the subject of an**
 21 **application; or**

22 **(2) related individuals who together:**

23 **(A) have at least a fifty-one percent (51%) contract**
 24 **interest in the lease of land that is the subject of an**
 25 **application; or**

26 **(B) have at least fifty-one percent (51%) of the ownership**
 27 **and control rights for an entity that has a one hundred**
 28 **percent (100%) contract interest in a lease of land that is**
 29 **the subject of an application.**

30 **Sec. 7. As used in this chapter, "farm production activities"**
 31 **means any combination of the following:**

32 **(1) Production of crops, fruits, or timber.**

33 **(2) Raising livestock.**

34 **(3) If the land is tillable land, participation in a federal set**
 35 **aside program of the United States Department of**

1 Agriculture that withdraws land from production.

2 (4) If the land is tillable land, participation in a regular
3 practice of allowing land to be out of production for the
4 purpose of restoring nutrients to the soil or reversing the
5 effects of overgrazing.

6 Sec. 8. As used in this chapter, "farmland credit" refers to a
7 credit granted under this chapter.

8 Sec. 9. As used in this chapter, "maximum eligible acreage"
9 means two hundred fifty (250) acres.

10 Sec. 10. As used in this chapter, "related individuals" means
11 individuals who are related to each other as:

- 12 (1) spouse;
- 13 (2) child;
- 14 (3) stepchild;
- 15 (4) grandchild;
- 16 (5) great grandchild;
- 17 (6) parent;
- 18 (7) grandparent;
- 19 (8) great grandparent;
- 20 (9) brother;
- 21 (10) sister;
- 22 (11) uncle;
- 23 (12) aunt;
- 24 (13) niece;
- 25 (14) nephew; or
- 26 (15) spouse of an individual described in subdivisions (1)
27 through (14).

28 Sec. 11. As used in this chapter, "tax liability" has the meaning
29 set forth in IC 6-1.1-21-5.

30 Sec. 12. As used in this chapter, "tillable land" means tillable
31 land as determined under the rules of the department of local
32 government finance.

33 Sec. 13. As used in this chapter, "total farm acreage" means
34 total farm acreage as determined under this rules adopted by the
35 department of local government finance for the assessment of

1 agricultural land.

2 **Sec 14. The owners of an eligible tract are entitled to a**
 3 **farmland credit against the tax liability imposed on an eligible**
 4 **farm.**

5 **Sec. 15. The amount of the farmland credit is equal to the**
 6 **amount determined under STEP SIX of the following formula:**

7 **STEP ONE: Determine the assessed valuation of the total**
 8 **farm acreage in the eligible farm.**

9 **STEP TWO: Divide the STEP ONE amount by the total farm**
 10 **acreage in the eligible farm.**

11 **STEP THREE: Multiply the STEP TWO amount by the lesser**
 12 **of the following:**

13 (A) The total farm acreage in the eligible farm.

14 (B) The maximum eligible acreage.

15 **STEP FOUR: Determine the statewide farmland credit**
 16 **amount certified under section 26 of this chapter.**

17 **STEP FIVE: Multiply the STEP THREE amount by the STEP**
 18 **FOUR amount.**

19 **STEP SIX: Determine the lesser of the following:**

20 (A) The owner's tax liability for the eligible farm.

21 (B) The STEP FIVE amount.

22 **Sec. 16. The county auditor shall apply the farmland credit to**
 23 **the tracts in an eligible farm in the manner prescribed by the**
 24 **department of local government finance.**

25 **Sec. 17. An eligible farm that would otherwise qualify for a**
 26 **farmland credit under this chapter is ineligible if:**

27 (1) any owner is an owner of another eligible farm that is
 28 granted a farmland credit under this chapter; or

29 (2) any shareholder, partner, member, or beneficiary of an
 30 owner is:

31 (A) an owner; or

32 (B) a shareholder, partner, member, or beneficiary of an
 33 entity that is an owner;

34 **of any other eligible farm that is granted a farmland credit**
 35 **under this chapter.**

1 **Sec. 18. The owners of an eligible farm, or an owner acting as**
 2 **the agent of all of the owners of an eligible farm, that desire to**
 3 **claim the farmland credit provided by this chapter must file a**
 4 **certified application, under penalty of perjury, on forms and in the**
 5 **manner prescribed by the department of local government**
 6 **finance, with the county auditor of the county in which the eligible**
 7 **farm is located.**

8 **Sec. 19. The application must include the following information:**

9 **(1) The parcel numbers or key numbers for the eligible farm.**

10 **(2) The name of the townships in which the eligible farm is**
 11 **located.**

12 **(3) The total farm acreage in the eligible farm.**

13 **(4) The names of the owners of the eligible farm.**

14 **(5) The names of each shareholder, partner, member, or**
 15 **beneficiary of any entity that is an owner of the eligible**
 16 **farm.**

17 **(6) Whether:**

18 **(A) an owner;**

19 **(B) a shareholder, partner, member, or beneficiary of the**
 20 **owner; or**

21 **(C) any entity in which a shareholder, partner, member,**
 22 **or beneficiary of the owner is a shareholder, partner,**
 23 **member, or beneficiary;**

24 **has applied for or been granted a farmland credit for another**
 25 **eligible farm.**

26 **(7) Any other information required by the department of**
 27 **local government finance.**

28 **Sec. 20. A statement filed before May 11 in a year:**

29 **(1) first applies to taxes first due and payable in the**
 30 **immediately succeeding year; and**

31 **(2) unless the land that is the subject of the farmland credit**
 32 **ceases to qualify for the farmland credit, each year**
 33 **thereafter.**

34 **Sec. 21. The county auditor shall approve farmland credits for**
 35 **eligible farms that qualify for a farmland credit under this**

1 chapter.

2 Sec. 22. As soon as practicable after an application is approved,
3 the county auditor shall submit to the department of local
4 government, on the form required by the department of local
5 government, the information concerning an application that is
6 prescribed by the department of local government finance.

7 Sec. 23. The department of local government finance shall
8 establish a program to assist county auditors in determining
9 whether eligible farms are disqualified under section 17 of this
10 chapter from receiving a farmland credit.

11 Sec. 24. If:

12 (1) land ceases in any part to qualify for a farmland credit
13 under this chapter;

14 (2) there is a change in:

15 (A) the ownership of the land that is the subject of a
16 farmland credit; or

17 (B) the ownership of an entity that is an owner of the land
18 that is the subject of a farmland credit; or

19 (3) ownership of an individual who is receiving the farmland
20 credit provided by this chapter changes the use of the
21 individual's real property or structures, buildings, and
22 improvements;

23 the owners, after the change, shall notify the county auditor of
24 the county in which the eligible farm is located of the changes, on
25 the form prescribed by the department of local government
26 finance, not more than sixty (60) days after the date of the
27 change. If the notice is not filed as required by this section, the
28 owners of the land that is the subject of the farmland credit are
29 liable for the amount of any farmland credit that is applied to the
30 tax liability imposed on the land after the change.

31 Sec. 25. Before April 1 of each year containing an assessment
32 date, the county auditor of each county shall certify to the
33 department of local government finance the amount of the
34 assessed valuation on the assessment date that qualifies for the
35 farmland credit.

Sec. 26. Not later than August 1 of each year containing an assessment date, the department of local government finance shall certify the statewide farmland credit amount determined under STEP TWO of the following formula that will apply to property taxes imposed for the assessment date:

STEP ONE: Determine the sum of the assessed valuation certified under section 27 of this chapter, as adjusted (if necessary) by the department of local government finance to conform with the requirements of this chapter.

STEP TWO: Divide seventy million dollars (\$70,000,000) by the STEP ONE amount.

Sec. 27. Before February 1 of each year, a county auditor shall certify to the department of local government finance the amount of farmland credits allowed in the county for tax liability first due and payable in the year.

SECTION 7. IC 6-1.1-20.9-2, AS AMENDED BY P.L.192-2002(ss), SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 2.

(a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) **Subject to IC 6-1.1-21-5**, the amount of the credit to which the individual is entitled equals the product of:

(1) the percentage prescribed in subsection (d); multiplied by

(2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is:

(A) attributable to the homestead during the particular calendar year; and

(B) determined after the application of the property tax replacement credit under IC 6-1.1-21;

(c) For purposes of determining that part of an individual's property

1 tax liability that is attributable to the individual's homestead, all
 2 deductions from assessed valuation which the individual claims under
 3 IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's
 4 homestead is located must be applied first against the assessed value of
 5 the individual's homestead before those deductions are applied against
 6 any other property.

7 (d) The percentage of the credit referred to in subsection (b)(1) is
 8 as follows:

9 YEAR	PERCENTAGE
10 OF THE CREDIT	
11 1996	8%
12 1997	6%
13 1998 through 2002	10%
14 2003 and thereafter	20%

15 However, the property tax replacement fund board established under
 16 IC 6-1.1-21-10, in its sole discretion, may increase the percentage of
 17 the credit provided in the schedule for any year, if the board feels that
 18 the property tax replacement fund contains enough money for the
 19 resulting increased distribution. If the board increases the percentage of
 20 the credit provided in the schedule for any year, the percentage of the
 21 credit for the immediately following year is the percentage provided in
 22 the schedule for that particular year, unless as provided in this
 23 subsection the board in its discretion increases the percentage of the
 24 credit provided in the schedule for that particular year. However, the
 25 percentage credit allowed in a particular county for a particular year
 26 shall be increased if on January 1 of a year an ordinance adopted by a
 27 county income tax council was in effect in the county which increased
 28 the homestead credit. The amount of the increase equals the amount
 29 designated in the ordinance.

30 (e) Before October 1 of each year, the assessor shall furnish to the
 31 county auditor the amount of the assessed valuation of each homestead
 32 for which a homestead credit has been properly filed under this chapter.

33 (f) The county auditor shall apply the credit equally to each
 34 installment of taxes that the individual pays for the property.

35 (g) Notwithstanding the provisions of this chapter, a taxpayer other
 36 than an individual is entitled to the credit provided by this chapter if:

37 (1) an individual uses the residence as the individual's principal

1 place of residence;

2 (2) the residence is located in Indiana;

3 (3) the individual has a beneficial interest in the taxpayer;

4 (4) the taxpayer either owns the residence or is buying it under a
5 contract, recorded in the county recorder's office, that provides
6 that the individual is to pay the property taxes on the residence;
7 and

8 (5) the residence consists of a single-family dwelling and the real
9 estate, not exceeding one (1) acre, that immediately surrounds that
10 dwelling.

11 SECTION 8. IC 6-1.1-21-3, AS AMENDED BY P.L.192-2002(ss),
12 SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 MARCH 1, 2004 (RETROACTIVE)]: Sec. 3. (a) The department, with
14 the assistance of the auditor of state and the department of local
15 government finance, shall determine an amount equal to the eligible
16 property tax replacement amount, which is the estimated property tax
17 replacement.

18 (b) The department of local government finance shall certify to the
19 department the amount of:

20 **(1) farmland credits provided under IC 6-1.1-20.6 that are**
21 **allowed by the county for the particular calendar year; and**

22 **(2) homestead credits provided under IC 6-1.1-20.9 which are**
23 **allowed by the county for the particular calendar year.**

24 (c) If there are one (1) or more taxing districts in the county that
25 contain all or part of an economic development district that meets the
26 requirements of section 5.5 of this chapter, the department of local
27 government finance shall estimate an additional distribution for the
28 county in the same report required under subsection (a). This additional
29 distribution equals the sum of the amounts determined under the
30 following STEPS for all taxing districts in the county that contain all or
31 part of an economic development district:

32 STEP ONE: Estimate that part of the sum of the amounts under
33 section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable
34 to the taxing district.

35 STEP TWO: Divide:

36 (A) that part of the estimated property tax replacement amount
37 attributable to the taxing district; by

- 1 (B) the STEP ONE sum.
 2 STEP THREE: Multiply:
 3 (A) the STEP TWO quotient; times
 4 (B) the taxes levied in the taxing district that are allocated to a
 5 special fund under IC 6-1.1-39-5.

6 (d) The sum of the amounts determined under subsections (a)
 7 through (c) is the particular county's estimated distribution for the
 8 calendar year.

9 SECTION 9. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003,
 10 SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12,
 11 IS CORRECTED AND AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 4. (a) Each
 13 year the department shall allocate from the property tax replacement
 14 fund an amount equal to the sum of:

- 15 (1) each county's total eligible property tax replacement amount
 16 for that year; plus
 17 (2) the total amount of homestead tax credits that are provided
 18 under IC 6-1.1-20.9 and allowed by each county for that year;
 19 plus
 20 (3) an amount for each county that has one (1) or more taxing
 21 districts that contain all or part of an economic development
 22 district that meets the requirements of section 5.5 of this chapter.
 23 This amount is the sum of the amounts determined under the
 24 following STEPS for all taxing districts in the county that contain
 25 all or part of an economic development district:

26 STEP ONE: Determine that part of the sum of the amounts
 27 under section 2(g)(1)(A) and 2(g)(2) of this chapter that is
 28 attributable to the taxing district.

29 STEP TWO: Divide:

- 30 (A) that part of the subdivision (1) amount that is attributable
 31 to the taxing district; by
 32 (B) the STEP ONE sum.

33 STEP THREE: Multiply:

- 34 (A) the STEP TWO quotient; times
 35 (B) the taxes levied in the taxing district that are allocated to
 36 a special fund under IC 6-1.1-39-5; **plus**

37 **(4) the total amount of farmland credits that are provided**

1 **under IC 6-1.1-20.6 and allowed by each county for that year.**

2 (b) Except as provided in subsection (e), between March 1 and
3 August 31 of each year, the department shall distribute to each county
4 treasurer from the property tax replacement fund one-half (1/2) of the
5 estimated distribution for that year for the county. Between September
6 1 and December 15 of that year, the department shall distribute to each
7 county treasurer from the property tax replacement fund the remaining
8 one-half (1/2) of each estimated distribution for that year. The amount
9 of the distribution for each of these periods shall be according to a
10 schedule determined by the property tax replacement fund board under
11 section 10 of this chapter. The estimated distribution for each county
12 may be adjusted from time to time by the department to reflect any
13 changes in the total county tax levy upon which the estimated
14 distribution is based.

15 (c) On or before December 31 of each year or as soon thereafter as
16 possible, the department shall make a final determination of the amount
17 which should be distributed from the property tax replacement fund to
18 each county for that calendar year. This determination shall be known
19 as the final determination of distribution. The department shall distribute
20 to the county treasurer or receive back from the county treasurer any
21 deficit or excess, as the case may be, between the sum of the
22 distributions made for that calendar year based on the estimated
23 distribution and the final determination of distribution. The final
24 determination of distribution shall be based on the auditor's abstract filed
25 with the auditor of state, adjusted for postabstract adjustments included
26 in the December settlement sheet for the year, and such additional
27 information as the department may require.

28 (d) All distributions provided for in this section shall be made on
29 warrants issued by the auditor of state drawn on the treasurer of state.
30 If the amounts allocated by the department from the property tax
31 replacement fund exceed in the aggregate the balance of money in the
32 fund, then the amount of the deficiency shall be transferred from the
33 state general fund to the property tax replacement fund, and the auditor
34 of state shall issue a warrant to the treasurer of state ordering the
35 payment of that amount. However, any amount transferred under this
36 section from the general fund to the property tax replacement fund
37 shall, as soon as funds are available in the property tax replacement

1 fund, be retransferred from the property tax replacement fund to the
 2 state general fund, and the auditor of state shall issue a warrant to the
 3 treasurer of state ordering the replacement of that amount.

4 (e) Except as provided in subsection (i), the department shall not
 5 distribute under subsection (b) and section 10 of this chapter the money
 6 attributable to the county's property reassessment fund if:

7 (1) by the date the distribution is scheduled to be made, ~~(1)~~ the
 8 county auditor has not sent a certified statement required to be
 9 sent by that date under IC 6-1.1-17-1 to the department of local
 10 government finance; ~~or~~

11 (2) *by the deadline under IC 36-2-9-20, the county auditor has not*
 12 *transmitted data as required under that section; or*

13 ~~(2)~~ **(3) the county assessor has not forwarded to the department**
 14 **of local government finance the duplicate copies of all**
 15 *approved exemption applications required to be forwarded by that*
 16 *date under IC 6-1.1-11-8(a).*

17 (f) Except as provided in subsection (i), if the elected township
 18 assessors in the county, the elected township assessors and the county
 19 assessor, or the county assessor has not transmitted to the department
 20 of local government finance by October 1 of the year in which the
 21 distribution is scheduled to be made the data for all townships in the
 22 county required to be transmitted under IC 6-1.1-4-25(b), the state
 23 board or the department shall not distribute under subsection (b) and
 24 section 10 of this chapter a part of the money attributable to the
 25 county's property reassessment fund. The portion not distributed is the
 26 amount that bears the same proportion to the total potential distribution
 27 as the number of townships in the county for which data was not
 28 transmitted by ~~August 1~~ *October 1* as described in this section bears to
 29 the total number of townships in the county.

30 (g) Money not distributed ~~under subsection (e)~~ *for the reasons stated*
 31 *in subsection (e)(1) and (e)(2)* shall be distributed to the county when:

32 (1) the county auditor sends to the department of local
 33 government finance the certified statement required to be sent
 34 under IC 6-1.1-17-1; and

35 (2) *the county assessor forwards to the department of local*
 36 *government finance the approved exemption applications required*
 37 *to be forwarded under IC 6-1.1-11-8(a);*

1 with respect to which the failure to send *or forward* resulted in the
 2 withholding of the distribution under subsection (e).

3 (h) Money not distributed under subsection (f) shall be distributed
 4 to the county when the elected township assessors in the county, the
 5 elected township assessors and the county assessor, or the county
 6 assessor transmits to the department of local government finance the
 7 data required to be transmitted under IC 6-1.1-4-25(b) with respect to
 8 which the failure to transmit resulted in the withholding of the
 9 distribution under subsection (f).

10 (i) The restrictions on distributions under subsections (e) and (f) do
 11 not apply if the department of local government finance determines that:

12 (1) the failure of:

13 (A) a county auditor to send a certified statement; *or*

14 (B) a county assessor to forward copies of all approved
 15 exemption applications;

16 as described in subsection (e); or

17 (2) the failure of an official to transmit data as described in
 18 subsection (f);

19 is justified by unusual circumstances.

20 SECTION 10. IC 6-1.1-21-5, AS AMENDED BY P.L.1-2004,
 21 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 MARCH 1, 2004 (RETROACTIVE)]: Sec. 5. (a) Each year the
 23 taxpayers of each county shall receive a credit for property tax
 24 replacement in the amount of each taxpayer's property tax replacement
 25 credit amount for taxes which:

26 (1) under IC 6-1.1-22-9 are due and payable in May and
 27 November of that year; or

28 (2) under IC 6-1.1-22-9.5 are due in installments established by
 29 the department of local government finance for that year.

30 The credit shall be applied to each installment of taxes. The dollar
 31 amount of the credit for each taxpayer shall be determined by the
 32 county auditor, based on data furnished by the department of local
 33 government finance.

34 (b) The tax liability of a taxpayer for the purpose of computing the
 35 credit for a particular year shall be based upon the taxpayer's tax liability
 36 as is evidenced by the tax duplicate for the taxes payable in that year,
 37 plus the amount by which the tax payable by the taxpayer had been

reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, except when using the term under section 2(l)(1) of this chapter, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), 2(g)(1)(J), or 2(g)(1)(K) of this chapter in computing the total county tax levy.

(c) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is equivalent to the taxpayer's property tax replacement credit amount for the taxes payable with respect to the assessments plus the adjustments stated in this section.

(d) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

- (1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by
- (2) the taxpayer's taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(e) If in any year the sum of:

- (1) the amount of the credit granted under this section;**
- and**
- (2) the amount of the homestead credit granted under IC 6-1.1-20.9-2;**

against the tax liability on a homestead exceeds two thousand dollars (\$2,000), the aggregate total of the credits is reduced to two thousand dollars (\$2,000). If the tax due is paid in installments, the reduction in the credits shall be applied to each

1 installment in proportion to the relative amount of each
2 installment.

3 SECTION 11. [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]

4 (a) The definitions in IC 6-1.1-1 and IC 6-1.1-20.9, as added by
5 this act, and P.L.224-2003, SECTION 1, apply throughout this
6 SECTION.

7 (b) IC 6-1.1-20.6, as added by this act, and IC 6-1.1-20.9-2,
8 IC 6-1.1-21-3, IC 6-1.1-21-4, and IC 6-1.1-21-5(e), all as amended
9 by this act, apply only to property taxes first due and payable after
10 December 31, 2004.

11 (c) The department of local government finance shall prescribe
12 application forms and make them available to county auditors and
13 the public as soon as practicable after the passage of this act.

14 (d) There is appropriated to the property tax replacement board
15 (IC 6-1.1-21) twenty-three million three hundred thirty-three
16 thousand three hundred fifty dollars (\$23,333,350) from the
17 property tax replacement fund for its use for total operating
18 expense to distribute farmland credit replacement amounts for
19 farmland credits applied against tax liability imposed for property
20 taxes first due and payable in 2005, for the state fiscal year
21 beginning July 1, 2004, and ending June 30, 2005. Adjustments
22 may be made to this appropriation under IC 6-1.1-21-4, as
23 amended by this act. The appropriation made by this subsection is
24 supplemental to all other appropriations made to the property tax
25 replacement board in P.L.224-2003, SECTION 10. For purposes of
26 applying IC 6-1.1-20.6-26, as added by this act, to farmland credits
27 for property taxes first due and payable in calendar year 2005, the
28 amount appropriated for farmstead credits shall be treated as
29 seventy million dollars (\$70,000,000). The amount appropriated by
30 this SECTION constitutes the amount necessary to pay the first
31 two (2) distributions required under IC 6-1.1-21-10 for property
32 taxes first due and payable in calendar year 2005. The general
33 assembly will appropriate the remainder necessary for calendar
34 year 2005 as part of the budget bill applicable to the next
35 biennium beginning July 1, 2005.

1 (e) The department of local government finance may adopt
 2 temporary rules in the manner provided in IC 4-22-2-37.1 for the
 3 adoption of emergency rules to implement IC 6-1.1-20.6, as added
 4 by this act, and this SECTION. A temporary rule adopted under
 5 this SECTION expires on the earlier of the following:

6 (1) The date that another temporary rule is adopted under
 7 this SECTION or a permanent rule is adopted under
 8 IC 4-22-2 to supersede a previously adopted temporary rule.

9 (2) July 1, 2005."

10 Page 4, line 38, after "act," insert "**and IC 6-1.1-12-37, as amended**
 11 **by this act,**".

12 Renumber all SECTIONS consecutively.

(Reference is to HB 1090 as printed January 27, 2004.)

and when so amended that said bill do pass.

Representative Crawford